

CHAPTER 14

FOREIGN MILITARY SALESA. GENERAL FMS POLICIES

This chapter outlines policies and procedures for conducting FMS of conventional ammunition. The chapter addresses those aspects of joint conventional **ammunition** programs that **are** unique to FMS and that are not addressed in Chapters 1 through 13. It applies to the SMCA and the Military Services in their management and execution of FMS of conventional ammunition as defined in DoD Directive 5160.65.

1. FMS Concepts

a. The Legal Basis of FMS. The FMS program is authorized under public law. It is one of several related programs that make up the Security Assistance Program of the United States. The FMS program enables eligible foreign governments and international organizations to purchase defense articles and services from the U.S. Government. A sales agreement, DD Form 1513, "DoD Offer and Acceptance," contains the terms and conditions of the **sale**. The terms of the sale and delivery of the items or services are worked out as part of the agreement. The foreign government or international organization (referred to in this text as the "customer") must pay all costs associated with the sale. The Services fill orders from stock or by procurement action. When the source is procurement, the U.S. Government agency having jurisdiction for the item buys the product from industry or from Government plants. For conventional ammunition, the SMCA is the agent responsible for the procurement of assigned items.

b. Foreign Policy Aspects of FMS. The FMS program is an important element of U.S. foreign policy and supports national security objectives as follows:

(1) It assists in providing collective security and maintaining regional balances for the countries or organizations involved.

(2) It leads to standardization and **interoperability** of equipment between the United States and friendly foreign **nations**.

(3) It serves as a vehicle to provide assistance to allies or potential allies and may prevent the necessity for foreign countries to turn for assistance to nations whose interests may be counter to those of the United States.

(4) It enhances United States' access to, and influence with, foreign governments and international organizations.

(5) It allows the United States to maintain a larger production base, share research and development costs, and reduce the unit costs to the Military Services.

c. Complexity of FMS. The process by which sales of conventional ammunition are made to foreign governments under the FMS program is complex, involving the Military Services, multiple U.S. Government agencies, private industry, and the diplomatic community for each foreign government requesting such sales. To make the process easier to understand, this chapter describes FMS activities in terms of 17 stages that represent the **FMS-case** life cycle. This life-cycle process is a method used to demonstrate the key elements of an FMS case and identify key points of action and interfaces between the SMCA and the Military Services. Section C., below, consists of an orientation to **the** FMS case life cycle, outlined in terms of the policies and procedures that apply to each stage. Section D., below, explains how to use the DoD forms associated with the FMS sales of conventional ammunition assigned to the **SMCA**.

d. Special Considerations for FMS. Each U.S. Government organization dealing with FMS must be sensitive to a number of factors that identify FMS as a unique program requiring special attention. The following are among these factors:

(1) The FMS program operates under a "full funding" concept. The U.S. Government and the customer enter into a formal **sales** agreement. The customer agrees to pay the Government for articles and services received. The terms and conditions of the agreement are such that the customer can expect to receive the articles and services for the estimated price and at a specified time. Failure of the U.S. Government to meet its obligations may adversely affect the relationship between the nations.

(2) The U.S. Government is often the only source of supply for much of the conventional ammunition used by foreign governments and international organizations. A failure to deliver may seriously affect the military preparedness of a customer.

(3) FMS cases for conventional ammunition, while often small in quantity or dollar value in comparison to U.S. Government orders, may represent a significant portion of a customer's military budget.

(4) Customers plan the purchases of military equipment and ammunition according to a budgetary cycle that may not coincide with that of the U.S. Government. Disruptions to the terms and conditions of an FMS case may, therefore, have a serious effect on a customer's allocation of funds. "

(5) There is currently no standard system among the Military Services for long-range planning and aggregation of FMS and U.S. Government requirements for conventional **ammunition**. This places the sole burden of responsibility on the Military Service to do as much advance planning and coordination as possible and to integrate FMS considerations into the SMCA acquisition process. Note that the AECA provides no authority, except through the use of the Special Defense Acquisition Fund, to procure in anticipation of a sale to a foreign country. Therefore, a signed LOA, with the necessary funding provided, must exist before a contract can be executed. For specific instructions on budget execution, refer to DoD 7290.3-M, Chapter 2.

(6) The articles and services being purchased for FMS cases are not always uniquely identifiable when they are integrated into the acquisition process. It is important for those activities with FMS responsibilities to monitor the cases closely and be alert for status changes that would significantly alter the terms of the sales agreement. Contractual documents shall identify quantities for foreign customers by country and case number.

2. General FMS Policies

a. FMS Management Goals. To accomplish efficient management of FMS ammunition requirements, the following are identified as key goals for SMCA and Military Services participation:

(1) Collation of reliable **P&A** data that can be used with confidence in preparing an LOA.

(2) Early identification and prompt resolution of any condition adversely affecting delivery and cost.

(3) Accurate reporting and prompt communication among all participants to ensure efficient management of customer requirements.

(4) Increased customer confidence in the U.S. Government FMS program.

b. Supporting Policies. Specific policies that support the accomplishment of these key program goals are as follows:

(1) Each accepted FMS case is an agreement between the U.S. Government and the customer. The terms and conditions of the agreement are shown in **DD** Form 1513.

(2) Each U.S. Government activity with acquisition or management responsibilities for an FMS case shall ensure the FMS case receives the same attention accorded to acquisition actions for the Military Services, giving due regard to the unique aspects of FMS.

(3) The FMS process shall be subject to standards of performance as set forth in DoD 5105.38-M and DoD 7290.3-M, as supplemented in this document.

(4) The Military Services are obligated to keep the customer fully informed on the status of each FMS case item. Of particular importance is the communication of delivery delays of over 90 days and price changes of 10 percent or more. Prompt, accurate, and consistent information exchange is vital to the Government/customer relationship. The SMCA shall provide information needed by the Military Services to support their responsibilities to the customer.

(5) Uniform procedures shall be used by the Military Services and the SMCA to foster inter-service communication and promote equal support for all the Military Services. This policy also provides a life cycle based audit trail of transactions, eases the access to information as communication becomes more automated, and improves communications on the FMS process among all concerned activities.

(6) The SMCA and the Military Services shall develop status reporting formats to measure the effectiveness of the SMCA in providing ammunition items to the customer. These standard formats shall be as simple as possible, so that a Military Service can request and receive only the information it requires for management of an FMS case from the SMCA.

(7) Each Military Service shall establish and identify an SPOC, in accordance with Chapter 6 requirements, to interact with the SMCA on FMS-case items. This will minimize multiple interactions and consequent reporting burdens, delegate problem solving to the lowest possible level, ensure the Military Services are performing their roles adequately, and permit the SMCA to concentrate on proactive management of FMS-case item acquisition.

3. FMS Responsibilities. The responsibilities of the Military Services and the SMCA are consistent with those described in Chapters 1 through 14 of this Manual. For purposes of FMS, these responsibilities are summarized below.

a. The SMCA. The SMCA performs the following tasks for the P&A process:

(1) Receives P&A requests involving new procurement or estimated replacement costs from the Military Services.

(2) Provides P&A for each request received. The P&A shall include the following:

(a) A cost breakdown of each element used to develop the price, including a narrative explaining each deviation.

(b) Specific or unusual conditions upon which the **P&A** is based. When unusual conditions apply, the SMCA **shall** also provide any available alternatives to satisfy the customer request.

(3) Responds to the **P&A** request within 30 days, with the time measured from the date received by the SMCA to the date received by the office or activity that initiated the request.

(4) Notifies the requesting Military Service promptly if the 30-day requirement for providing **P&A** data cannot be met. In each instance, the SMCA shall explain the delay and establish a new response date.

(5) Maintains a record of FMS case items with "open" **P&A** data.

(6) When necessary, provides backup data to the Military Service to clarify **P&A** data.

(7) Uses a **published** pricing methodology and **common** terminology.

b. The Military Services. The individual Military Services shall perform the following tasks with respect to the **P&A** process:

(1) Perform a technical screen on the FMS case item(s) requested to ensure the item(s) is appropriate to the needs of the customer.

(2) Determine availability of Military Service-owned stock. If the item is to be issued from Military Service-owned stock without replacement, the Military Service shall provide the **P&A**. If the item is to be sold from stock with replacement, or through a procurement action, the **P&A** request must be referred to the SMCA for action.

- (3) Provide a **P&A** request that fully describes all requirements and circumstances that will affect the ultimate price to the **SMCA**. (Examples include: nonstandard order quantities, or desire and acknowledgement that nonstandard pack quantities are being requested; nonstandard packaging or any special **PSH&T** needs that must be taken into account; and the intentions of the Military Services to provide Military Service-owned stock components to be used in the fabrication and assembly of an FMS case item.)

(4) Upon sending the **P&A** request to the **SMCA**, obtain, when necessary, engineering cost data to be included in the **P&A** data. This action is appropriate for those **P&A** requests in which the requiring Military Service is also the developing Military Service for the item, or if the developing Military Service is not the Army.

(5) Ensure that a current TDP is provided concurrently with the funded MIPR or can be made available within 120 days after sending a funded MIPR to the **SMCA**.

(6) Prepare the LOA, incorporating the data provided by the **SMCA**.

c. Status Reporting by the **SMCA**. The **SMCA** shall be responsible for the **following**, with respect to the status reporting of **MIPRs**:

(1) Maintain ADP data sortable by **FMS-case** identifier.

(2) Report status to each Military Service on a monthly basis in accordance with Chapter 6.

(3) Identify status changes that require concurrence or other actions by the Military Service. These items shall be identified separately in the status report. When appropriate, and in accordance with regulations, the **SMCA** may include recommendations for further actions.

(4) Report the status of all open cases to each Military Service during its MIPR review.

(5) Provide management **summary** information at each MIPR review as requested by the individual Military Service.

(6) Establish an automated data base for **MIPR** tracking and management. Provide the Military Services access to this data base to ensure the current data are available and to reduce the reporting requirements imposed on the **SMCA**.

d. Status Reporting by the Military Services. The Military Services shall perform the following tasks with respect to the status reporting of **FMS-case** items:

(1) Respond to the **SMCA** notification of status changes requiring Military Service action within the established time limit.

(2) Prepare case status information in a form suitable for **communication to** the customer.

(3) Provide status information to customer representatives, as required.

B. LIFE-CYCLE MANAGEMENT OF FMS CASES

This section describes the FMS case life cycle for conventional ammunition. It also specifies **FMS-unique** policies and procedures for the **joint** acquisition, management, and implementation of FMS cases and case items by the **SMCA** and the Military Services.

1. Basic Life-Cycle Management Considerations

a. Description of the FMS-Case Life Cycle. The process by which sales of conventional ammunition are made to foreign governments and international organizations under the FMS program is-a diplomatic exchange. It involves the Military Services as executive agents and numerous other groups in various capacities, including multiple U.S. Government agencies, private industry, and the diplomatic **community** for each foreign government requesting a sale. The process **should** be in terms of 17 stages (figure 14-1.) representing the **FMS-case** life cycle. This 17-stage life-cycle process is used to demonstrate the key elements of an FMS case and identify key points of action and interface between the **SMCA** and the Military Services. Certain processes, policies, and procedures that relate to the 17 stages of the life cycle are highlighted below.

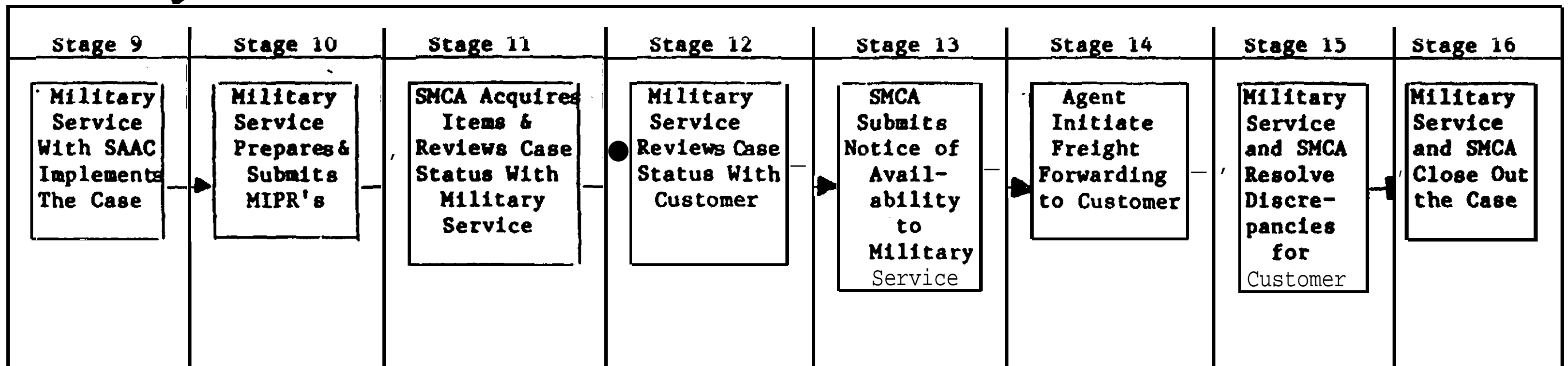
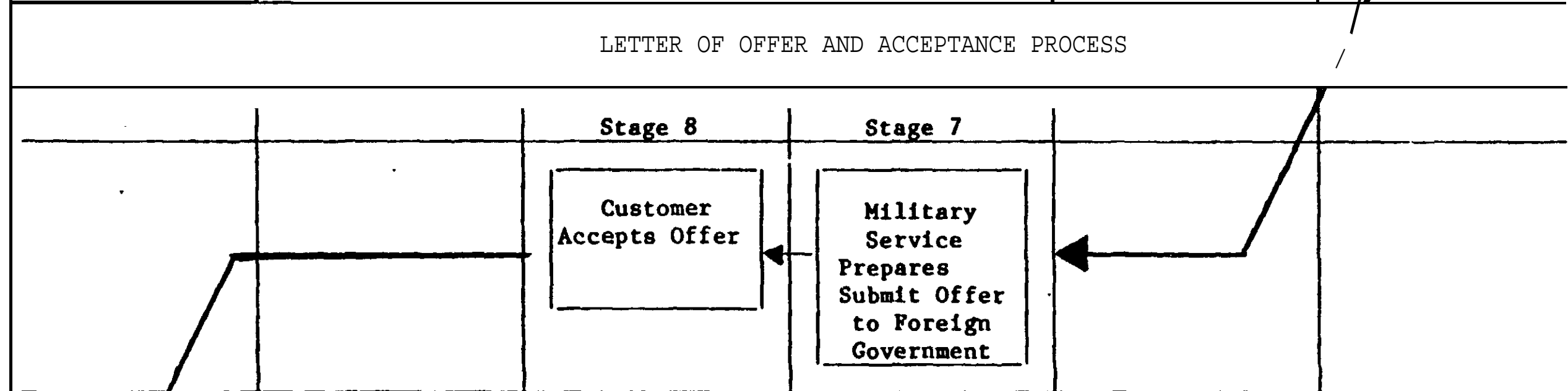
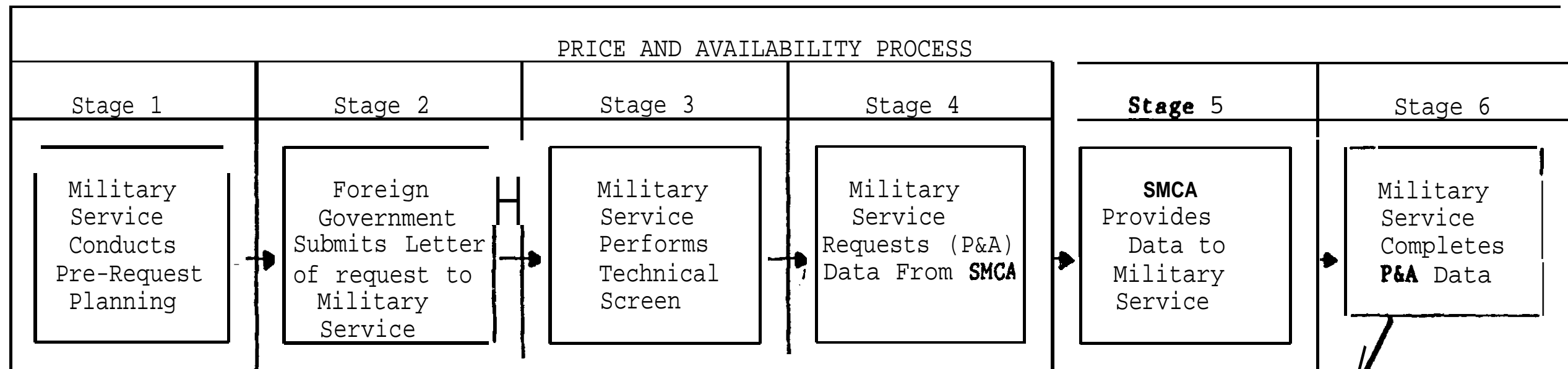
(1) Section C., below, provides detailed discussion of, and instructions for, each of the 17 life-cycle stages. The process by which a customer makes a request for conventional ammunition to the U.S. Government, and the method of response made to that request by the Military Services, are presented in the "Overview" portion of the text for each stage. These are the primary actions taken by the customer, the Military Services, or **SMCA**, as well as the communications between any two parties during each stage.

(2) The policies detailed for each stage **summarize** those actions the SMCA and the Military Services must take to accomplish the program goals of providing reliable P&A data, promptly identifying and resolving delivery and cost problems, and providing effective **communication** and accurate reporting of FMS case data and customer requirements.

(3) The procedures outlined in the life cycle stages list published DoD or Military Service instructions, manuals, or guidelines that govern the actions of the Military Services or SMCA in carrying out program policies. Standard formats for recording and transmitting information are covered in section D., below.

b. Key Processes in FMS Case Life Cycle Management. There are three key processes underlying the life cycle and to which the stages relate. These are the **P&A process**; preparation and issuance of the LOA. (DD Form 1513); and the acquisition, status reporting, delivery, and billing process. During the **P&A** process, the SMCA and the Military Services defined the estimated price, acquisition methods, delivery dates, and contingencies for the **ammunition** items requested by the customer. This P&A data is then incorporated into the LOA. During the acquisition process, the SMCA and the Military Services monitor status carefully and take prompt action to resolve problems before they impact on the cost and delivery requirements of the LOA.

Figure 14-1. The Life Cycle of an FMS Case
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2. Terms Applying to FMS Case Life Cycle Management. The terms defined below are either unique to FMS applications, or have a specialized interpretation with regard to FMS. These terms shall be used by the Military Services and the SMCA as the standard of reference in all matters of communications and reporting on FMS between the Military Services and the **SMCA**.

Articles. Items of supply or equipment requested or provided under FMS procedures.

b. Case Identifier. See "FMS Case Identifier."

c. Completed Case. See "**FMS** Case."

d. Customer. The foreign government or international organization that purchases defense articles or services under the FMS program. Customers eligible to make purchases under the AECA have been designated by the President.

e. Delivery Forecast. Estimated date of delivery of the total quantity of a line item.

f. Delivery Term Code. A code prescribed in the FMS case directive and shown in the requisition that indicates the point within the air or surface transportation cycle where the responsibility for movement passes from the U.S. Government or the Department of Defense to the purchasing country. Associated with this are the financial transportation terms and the general method by which the material will be delivered.

g. FMS Case. A contractual sales agreement between the U.S. and an eligible foreign country or international organization documented by **DD Form 1513**. One **FMS-case** identifier is assigned for the purpose of identification, accounting, and data processing for each offer (**DD Form 1513**).

(1) Accepted FMS Case. An FMS offer and acceptance signed by the designated representative of the eligible recipient.

(2) Canceled Case. An FMS case canceled by the purchaser or the Military Service according to the general conditions of **the DD Form 1513**.

(3) Closed Case. A case for which deliveries have been completed or all services provided, and for which all financial transactions have been completed. The effective date of a closed case is the date on which the SAAC certifies case closure.

(4) Expired Offer. An offer that was not accepted within the specified time limits or any extension thereof. The effective date of an expired offer is the expiration date stated on the LOA (or extension). The **P&A** data in an expired offer must be **revalidated**.

(5) Open FMS Case. An FMS case is open as long as any **portion** of the transaction is **incomplete**. The effective date of an **open** FMS case is the date the U.S. Government receives a formal letter of request that results in the establishment of an FMS-case identifier.

(6) Supply-Completed Case. A case for which deliveries have been completed or all services provided, and for which financial actions have not been completed.

h. FMS-Case Identifier. The case identifier is a term given to the combination of country code, **implementing agency**, and case **designator**. The **FMS-case identifier** shall be **used on** correspondence between the Military Services and the SMCA, and will be a machine-sortable field in automated systems. The **FMS-case** identifier has a two-letter country code for the purchasing country or activity, followed by the implementing agency code, then followed by a three-letter case designator. As an example, the **FMS-case** identifier code **AT-D-AAA** identifies the following:

(1) The two-letter country code "AT" identifies the purchaser as Australia.

(2) The single-letter code identifies the implementing agency: ("B" = Army, "D" = Air Force, "P" = Navy or Marine Corps).

(3) The case designator consists of a three-letter code (in this case "AAA"). The implementing agency (Military Service) establishes the method of assigning the case designator to each FMS case.

i. Freight Forwarder. The representative designated by the foreign government or international organization to complete or control FMS material shipment from CONUS to the customer's destination. The freight forwarder is the agent of the foreign government or international organization and is usually a licensed international freight forwarder or the customer's broker.

j. LOA. A term commonly used to refer to the U.S. DoD offer and **acceptance**. The LOA offers articles, services, or military construction for sale, based on estimated costs and specific conditions. The effective date of an LOA is the date it is signed by the foreign government (see "Accepted Case").

k. LOR. A letter, message, or diplomatic note requesting articles, **services**, or military construction through FMS. The effective date of the LOR is the date it is received by the Military Service's office having management responsibility for LORS.

l. MIPR. As used in FMS, "MIPR" refers to the execution document or documents used between the Military Services and the SMCA to initiate or modify an acquisition action.

m. Military Services. Means the USA, the USN, the USMC, and the USAF. When a policy or procedure does not apply to a particular Military Service, the terminology shall be "... the Military Services (less USAF)"

n. Obligational Authority. An authority requested by a **Military Service** or DoD Agency from SAAC (on a DD Form 2060, "Foreign Military Sales (FMS) Obligational Authority) that allows obligations to be incurred within a given FMS case in an amount not to exceed the value of the obligational authority granted. The term obligation relates to orders placed, contracts awarded, services received, and similar transactions during a given period that will require payments during the same or a future period. Obligational authority is required for both the direct citation and reimbursable methods of financing.

o. P&R Estimates. Estimates developed on the basis of available information, using standard factors and formulas, in the absence of a pricing study. They are used for "planning" or "review" purposes only and are not considered valid for preparing the LOA (DD Form 1513).

p. P&A Data. The P&A for an FMS are developed by the supplying **command** from studies that confirm the best estimate of current price, source, and availability data. The P&A are developed from supply studies and supply and delivery planning to establish a tentative source, delivery date or period, and price. The price shall include base cost plus all applicable surcharges. Availability, in months, includes administrative and procurement or production time. The P&A may or may not include support costs.

q. Security Assistance. Includes all DoD activities carried out under the authority of the AECA of 1976, as amended; the Foreign Assistance Act of 1961, as amended; or related appropriation acts and other statutory authorities.

C. DETAILED INSTRUCTIONS FOR FMS-CASE LIFE-CYCLE MANAGEMENT

The following defines the 17 stages of **FMS-case** life-cycle management and prescribes policy, assigns responsibilities, and outlines procedures for the conduct of each.

1. Stage 1 - Conduct Prerequest Planning

a. Overview. Before a foreign government or international organization approaches the U.S. Government with a formal request for military assistance, preliminary contacts and discussions occur at both the diplomatic and military levels. The Military Services perform **pre-request** planning to assist in identifying conventional ammunition items appropriate to the weapon systems operated by the customer and to consider at the outset all aspects of supportability throughout the life cycle. Additional purposes of prerequest planning are to ensure FMS

customers' weapon systems have supportable configurations and to assist in maintaining supportable configurations. The Military Services notify customers of production phaseouts and provide an opportunity to obtain life-of-type support for weapon systems being phased out of U.S. inventories. The goal of this stage is a full exchange of information between the U.S. Government (as supplier) and the customer, in order to avoid later problems due to lack of supportability or customer misunderstanding of the data elements to be **included** in the f-OR (Stage 2).

b. Policy. Each Military Service shall perform thorough pre-request planning in order to maximize opportunities for joint procurement, minimize the frequency of below minimum procurement quantity or stand alone buys, and help maintain the U.S. industrial ammunition base. Coordination among the Military Services is a necessary part of this process.

c. Responsibilities. The Military Services' organizations responsible for prerequest planning are:

- (1) **Army.** AMSMC-IL(R).
- (2) **Navy.** CNO OP 63 and NAVSUP 07.
- (3) **Air Force.** HQ USAF/PRI.
- (4) **Marine Corps.** CMC LMA/LMG.

d. Procedures. Each Military Service shall conduct prerequest planning according to DoD and internal Military Service instructions. Examples of the areas to be considered include the following:

- (1) Familiarization with the FMS process.
- (2) Relationship to the U.S. acquisition cycle, using the information in the **CAAP**.
- (3) Responsibilities of the customer in FMS.
- (4) Understanding of supply system factors such as minimum and **economic** order quantities; variations in **unit** costs **based** on quantity and schedule; and the desirability of purchasing in standard quantities, packs, and configurations. In the case of quantity requested, for example, the Military Services shall inform customers that FMS policy requires the Military Services to adjust quantities requested to conform to standard pack units.
- (5) Cost and schedule problems that may result from "requests for nonstandard packaging, delivery quantities, accelerated schedules, and commodity configurations.

- e. Forms Used. No forms are prescribed for this activity.
- f. Time Standard. This is a continuing requirement.

2. Stage 2 - Submit LOR

a. Overview. The customer sets the formal FMS process in motion by submitting an LOR. The LOR identifies the type of ammunition requested, the quantity desired, the **CRDD**, and other pertinent information.

b. Policy. The Military Service shall measure the success of their prerequest planning activities by evaluating the quality and completeness of the LORS.

c. Responsible Organizations

(1) Army

(a) Initiating activity: **USASAC.**

(b) Receiving activity: **AMSMC-IL(R).**

(2) Navy

(a) Initiating activity: **CNO OP 63.**

(b) Receiving activity: **SPCC 0325.**

(3) Air Force

(a) Initiating activity: **HQ USAF/PRI.**

(b) Receiving activities: **ILC/00/SR and 00-ALC/MMWMF.**

(4) Marine Corps

(a) Initiating activity: **CNO OP 63.**

(b) Receiving activity: **CMC LMA.**

d. Procedures. The foreign government submits the LOR to the initiating activity of the Military Service, which in turn starts the formal **FMS** process according to DoD 5105.38-M and **all** derivative documents. The initiating activity sends the customer request to the appropriate Military Service receiving activity.

- e. Forms Used. No forms are prescribed for this activity.
- f. Time Standard. This is a continuing requirement.

3. Stage 3 - Perform Technical Screen

a. Overview. During the technical screen, the Military Service conducts a detailed review of the LOR to ensure the logistics and technical requirements of the LOR are described adequately. The customer may not have the expertise to describe its requirements in enough detail to enable the U.S. Government to identify the true need. Proper conduct of the technical screen ensures mutual understanding between the U.S. Government and the customer before additional steps are taken.

b. Policy. Each Military Service shall perform a technical screen before proceeding to Stage 4.

c. Responsible Organizations

(1) Army. AMSMC-IL(R).

(2) Navy. SEA 62Y3, AIR 540, SPCC 0325.

(3) Air Force. HQ USAF/PRI, OO-ALC/MMWMF.

(4) Marine Corps. CMC LMA/LMG.

d. Procedures

(1) Each Military Service examines the request to ensure complete identification of the requested item, with special emphasis on verifying compatibility between the configurations being requested and the hardware in use **by the** customer.

(2) The Army conducts screening as part of its Total Package Support Concept, including in-country surveys, as required. Navy and Air Force instructions for screening, including in-country surveys, as required, are described in the P&A text portions of NAVSUPPUB 541 and AFR 400-3, respectively.

(3) If the Military Service plans to issue the required ammunition items from its own stock without placement, that Military Service shall price and issue the items. If the FMS requirement is to be filled either from Military Service stock with replacement, or from new procurement, the Military Service shall request P&A data from the SMCA .

e. Forms Used. No forms are prescribed for this activity.

f. Time Standard. Screening must be complete within 6 calendar days of receipt of the request by the organizations in paragraph C.3.C., above.

4. Stage 4 - Request P&A Data

a. Overview. Each Military Service requests P&A data from the SMCA based on the customer request, as modified by the technical screen (Stage 3).

b. Policies

(1) The full **FMS-case** identifier shall be used on all documentation and correspondence provided to, or maintained by, the SMCA in Stages 3 through 16. The **FMS-case** identifier shall be a six-position field and shall be an **ADP-sortable** field in all systems supporting the **SMCA**. All documents **provided to, or maintained by,** the SMCA for **FMS-case** processing shall include the six-letter **FMS case** identifier.

(2) Each Military Service **shall** request P&A information from the SMCA only for those items the SMCA will procure. The **P&A** request **shall** fully describe all requirements and circumstances that may affect the ultimate P&A.

(3) The Military Services shall use **DD Form 2353** (see section **D.**, below) to request P&A data from the **SMCA**.

(4) At the same time a P&A **request** is submitted, the requesting **Military** Service shall query **the** aware engineering activity on the availability and cost of the TDP.

c. Responsible Organizations

(1) Army initiating activity: **AMSMC-IL**.

(2) Navy initiating activity: **SPCC 0325**.

(3) Air Force initiating activity: **OO-ALC/MMWD**.

(4) Marine Corps initiating activity: **CMC LMA/LMG**.

(5) SMCA receiving activity: **AMSMC-DS(R)**.

d. Procedures

(1) Material. The P&A request fully describes all requirements and circumstances that may affect the ultimate price and delivery schedule. The Military Services must identify any options they want the SMCA to consider. The P&A request consists of that portion of **DD Form 2353** under the heading "To Be Completed By The Military Service." Detailed instructions for filling out the P&A request are in section **D.**, below. It is essential that the requesting Military Service complete each item in **the first** section of the **P&A** request form. The SMCA may reject incomplete **P&A** requests.

(2) TDP. At the same time the P&A request is submitted, the requesting **Military** Service queries the aware engineering activity on the availability and cost of the TDP. The engineering activity responds by reporting TDP costs to the requesting Military Service and availability to the SMCA.

(3) Engineering. The requesting Military Service also obtains engineering cost estimates for that item from the developing Military Service.

(4) Items From Another Military Service's Stocks. When items are to be issued from another Military Service's stocks, the requesting Military Service ensures all necessary coordination is complete before requesting **P&A** data from the **SMCA**.

(5) Military Service-Provided Material. The requesting Military Service specifically identifies in the P&A request any material it intends to provide as Military Service-provided material on the order. However, since there can be no assurance the Military **Service**-provided material will actually be available if and when the case is accepted and implemented, the SMCA provides P&A data on the basis of new procurement. When the case is implemented, the Military Service shall take appropriate steps to make the Military Service-provided material available to the SMCA (per Stages 10 and 11).

e. Forms Used. The **DD** Form 2353 is used for the P&A request. Detailed instructions for filling out the form are in section D., below.

f. Time Standard. Six calendar days are allowed from completion of the technical screen (Stage 3) to receipt of the request by the SMCA.

5. Stage 5 - Provide **P&A** Data

a. Overview. The SMCA analyzes the request and provides the required **P&A** data. This stage is important especially because the data provided by the SMCA becomes the basis for the agreement between the U.S. Government and the customer in the **DD** Form 1513 (Stages 7 and 8). It is essential that the cost estimates and delivery dates be reliable because these estimates become the essence of the **LOA**.

b. Policies

(1) Each Military Service is responsible **solely** for **P&A** data for items issued from its own stock without replacement.

(2) The **SMCA** -shall be responsible for the quality and reliability of the **P&A** data it provides to the **Military** Services.

(3) **P&A** data provided by the SMCA shall include an expiration date for items as requested by the Military Services.

(4) The **SMCA** shall use **DD** Form 2353, supported by DD Forms 2354 and 2355 to provide **P&A** data to the Military Services. Detailed instructions for completing these forms are in section D., below.

(5) The SMCA shall evaluate the **reliability** of the **P&A** data. This evaluation is based on standard statistical methods to report the degree to which actual performance reflects the original **P&A** estimates. The SMCA shall formulate a method to analyze historical data and use the results to improve the reliability of **P&A** costs.

(6) The SMCA shall keep the Military Services informed as to the status of each **P&A** request if the time standards in paragraph **C.5.f.**, below, cannot be met.

[7] The SMCA shall develop, publish, and use a pricing methodology that ensures:

(a) All appropriate cost elements are identified for **P&A** data.

(b) The Military Services and the SMCA use **common** terminology to communicate pricing information.

c. Responsible Organizations

(1) Each Military Service (**AMSMC-IL(R)**, **SPCC 0325**, **CMC LMA/LMG**, and **00-ALC/MMWD**) is **responsible** solely for **P&A** data for items issued from its own-stock without replacement.

(2) The SMCA (**AMSMC-DS(R)**) shall provide **P&A** data to the Military Services (**AMSMC-IL(R)**), **SPCC 0325**, **CMC/LMA/LMG**, and **00-ALC/MMWD**) for items obtained from Military Service stock with replacement or obtained through new procurement.

d. Procedures. The **SMCA**:

(1) Reports **P&A** data in a form that provides a complete cost element breakdown.

(2) Investigates alternative means of filling requirements when the exact requirement cannot be met and reports these alternatives as options.

(3) Identifies any contingencies that may adversely affect the reliability of the **P&A** data.

(4) Responds to the **P&A** request within the time standard or explains any delay, and establishes a new response date.

(5) Maintains a record of FMS case items with "open" P&A data.

(6) Notifies the requesting Military Service if altered circumstances modify the originally estimated P&A data.

e. Forms Used. The DD Form 2353, supported by DD Forms 2354 and 2355, is used to provide P&A data. The appropriate pricing breakout is attached as indicated in block 23 of the form.

f. Time Standard. The P&A quote must be forwarded to the requesting Military Service within 30 days of receipt of the request by the SMCA (AMSMC-DS(R)).

6. Stage 6 - Complete P&A Data

a. Overview. Using the cost estimate provided by the SMCA in Stage 5, the Military Service completes the P&A estimate by including any additional cost elements required by public law under the full cost recovery concept. When this stage is complete, the final P&A data will be ready for incorporation into the LOA.

b. Policies. The Military Services shall:

(1) Ensure all required contingency and recoverable costs are included in the data according to the full cost recovery concept of FMS.

(2) Generate an LOA and a DD Form 2061, "Foreign Military Sales (FMS) Planning Directive" as prescribed in DoD 7290.3-M, using the P&A data provided by the SMCA. Each Military Service, as the overall case manager, is accountable for the reliability of any changes incorporated into the LOA and for ultimate delivery of the item(s) in the case.

c. Responsible Organizations

(1) Army

(a) AMSMC-IL(R).

(b) AMSMC-CP(R).

(2) Navy. SPCC 0325.

(3) Air Force

(a) HQ USAF/PRI. "

(b) ILC/00/SR.

(c) OO-ALC/MMWMF.

(4) Marine Corps. CMC LMA/LMG.

d. Procedures. The Military Services shall:

(1) Ensure that pricing methods are consistent with DoD 7290.3-M.

(2) Maintain pricing data in a format consistent with that provided by the **SMCA**. DD Form 2061 is required to be completed per DoD 7290.3-M.

e. Forms Used. DD Form 2061 is used to display the pricing elements of a completed P&A.

f. Time Standard. The completed P&A must be received by the organization that prepares the LOA within 15 calendar days of receiving P&A data from the **SMCA**.

7. Stage 7 - Prepare and Submit Offer

a. Overview. The Military Service prepares the DD Form 1513 using **P&A data** from Stages 5 and 6. Submitting the LOA consists of two steps: securing approval of the LOA by the appropriate U.S. Government Agencies, then submitting the approved LOA to the customer. Upon issuance, the DD Form 1513 becomes an official tender by the U.S. Government.

b. Policies. The LOA shall include DoD 5105.38-M, Chapter 7, subparagraph **C.3.b.(17)(b)**. In addition, the following policies apply:

(1) The offer (LOA) shall be based on the **P&A** data received from the SMCA in Stage 5 and refined by the Military Service in Stage 6.

(2) In accordance with DoD 5105.38-M, if the expiration date on the LOA is reached before acceptance by the customer and receipt of the initial deposit by the SAAC, the offer is considered an "expired offer." If a Military Service elects to implement a case after the offer expires, it shall request a **revalidation** of the P&A data from the SMCA.

c. Responsible Organizations. The following Military Service organizations are responsible for securing offer approval by **DSAA**, the Department of State, and Congress (as required), and for providing approved offers to customers:

(1) Army. USASAC.

(2) Navy and Marine Corps. CNO OP 63.

(3) Air Force. HQ USAF/PRI.

d. Procedures. The Military Services shall:

(1) Coordinate closely with the SMCA to establish LOA expiration dates.

(2) Ensure that the customers understand the implications of missing the expiration dates, especially if the dates were based on production schedules, contract placement, or contract option placement.

e. Forms Used. The DD Form 1513 is used to convey the offer to the customer.

f. Time Standard. The time standard specified in DoD 5105.38-M, Chapter 7, Section 11, paragraph C.7. for LOA processing time applies.

8. Stage 8 - Customer Accepts Offer

a. Overview. The customer accepts the offer by signing the **required copies** of the LOA. Together with applicable funding and in accordance with the **payment** schedule, the **accepted** LOA authorizes the U.S. Government and **the** Military Service to implement the case (Stage 9).

b. Policy. Each Military Service shall track its FMS case status during this stage and follow up with the customer, as required. This is done to ensure that offers do not expire without response and to avoid the additional administrative burden on the Military Service and, especially, the SMCA as a result of having to **revalidate** the **P&A** data.

c. Responsible Organizations

(1) Accept the LOA. The customer who originated the LOR.

(2) Track Case Status

(a) Army. USASAC.

(b) Navy and Marine Corps. CNO OP 63.

(c) Air Force. HQ USAF/PRI.

d. Procedures

(1) The customer accepts the offer by returning signed copies of the LOA to the implementing agency with the necessary cash advance or payment and any required initial deposit to the Security Assistance Accounting Center (**SAAC**), with any required initial deposit, and to the Military Services.

(2) Each Military Service tracks its FMS case status in this stage and follows up with customers, as required.

(3) The **P&A** data on expired offers must be **revalidated** by the SMCA before any further processing can occur.

(4) Offices that interact with FMS customers are encouraged to maintain aggressive liaison programs to ensure LOAs do not lapse before firm responses are received.

e. Forms Used. DD Form 1513, "DoD Offer and **Acceptance**;" DD 1513-1, "DoD Amendment to Offer and **Acceptance**;" and DD Form 1513-2, "DoD Notice of Modification of Offer and Acceptance" as appropriate, signed by the customer.

f. Time Standard. The offer must be accepted before the expiration date on the LOA.

9. Stage 9 - Implementing the Case

a. Overview. After the Military Service receives the LOA, it begins to implement the case. **At** this point, the case is termed an "implemented case." In this stage, the Military Services ensure that all requirements for implementing the accepted case have been met and take action to implement the case with the **SMCA**.

b. Policies

(1) Case implementation shall be according to the **SAMM** and Military Service instructions.

(2) For case implementation to begin, two basic preconditions must be met: the customer must submit the signed LOA and must deposit it with the **SAAC** the funds specified in the LOA.

(3) The SMCA is notified of the customer's acceptance of the LOA by the Military Service's submittal of a funded MIPR (Stage 10). It should be clearly understood that the **SMCA** responds only to the completed documents of the Military Services and not to the LOA.

(4) A current TDP must be provided to the SMCA either concurrently with the funded MIPR or within 120 days after the funded **MIPR**.

c. Responsible Organizations

(1) Army. **USASAC.**

(2) Navy and Marine Corps. **CNO OP 63.**

(3) Air Force. **HQ USAF/PRI to ILC/00/SR or 00-ALC/MMWMF.**

d. Procedures. The requesting Military Service **shall**:

(1) Examine the signed LOA for any exceptions requested by the customer.

(2) Coordinate with DSAA and the SAAC to ensure that the obligational authority is available to implement the case and to acquire the ammunition items.

(3) Ensure that the current TDP will be available within 120 days from the date of issuance of the funded **MIPR**.

e. Forms Used. No forms are prescribed for this stage. **Communications** are through unformatted correspondence.

f. Time Standard. No time standard is applied to this stage.

10. Stage 10 - Prepare and Submit **MIPRs**

a. Overview. In this stage, the Military Service prepares the MIPR (**requisition** in the case of the Army) and sends it to the **SMCA**. The SMCA notifies the Military Service of acceptance. Acceptance of the funded MIPR enables the SMCA to begin acquisition of the **ammunition** in Stage 11.

b. Policies

(1) The requirement contained in the MIPR shall be consistent with the P&A data and other terms and conditions provided by the SMCA in Stage 5.

(2) Each **MIPR** will normally contain one stock numbered end item.

c. Responsible Organizations

(1) Preparation and Submittal of **MIPRs**

(a) Army. **USASAC/NCAD** (requisition).

(b) Navy. **SPCC 852**.

(c) Air Force. **OO-ALC/PMDM**.

(d) Marine Corps. **CMC LMB**.

(2) Receipt of **MIPRs** (and Army Requisitions). **AMSMC-CP(R)** to **AMSMC-DS(R) (SMCA)**.

(3) SMCA Acceptance. **AMSMC-DS(R)** to originating Military Service organization.

d. Procedures

(1) The **MIPRs** for FMS cases are processed as described in Chapter 6. Amendments to **MIPRs** are routed in the same manner as **MIPRs**.

(2) For the Army, **USASAC** (New Cumberland) prepares a MILSTRIP requisition and **sends** it to **AMCCOM** via the DoD Automated Address System. If the requested item is not a stock item, it is processed as a "major/APA" item. The first **AMCCOM** processing organization is **AMSMC-CP(R)**.

(3) The Navy, Air Force, and Marine Corps prepare and submit **MIPRs** to the **SMCA** to implement FMS cases, and the SMCA notifies the Military Services of MIPR acceptance in accordance with Chapter 6, section D., above. For "URGENT" **MIPRs**, special attention must be given to Chapter 6, paragraph D.2.e. Justification for rapid delivery of FMS **MIPRs** shall be provided by the acquiring Military Service.

(4) The Military Services shall ensure that the requirement contained in the MIPR or Army requisition is consistent with the **P&A** data and other terms and conditions provided by the SMCA in Stage 5.

(5) The requiring Military Service shall specify Military Service-provided material in the **MIPR**, when appropriate. The Military Service-provided material must be available and in serviceable condition when release or shipment of the SPM is requested by the SMCA in Stage 11.

e. Forms Used. The same forms are used for both new procurements for an FMS customer and for inventory replacements. The major difference is in the fund citation. If procurement is for an FMS customer, "8242" must be cited. If procurement is for replacement, the appropriation with the earned and collected reimbursement is cited.

(1) MILSTRIP requisitions (Army).

(2) **MIPR or MIPR** amendment, **DD Form 448** (Navy, Air Force, and Marine Corps).

(3) MIPR acceptance, **DD Form 448-2**.

f. Time Standard. Thirty calendar days from receipt of the MIPR by the SMCA until date of acceptance.

11. Stage 11 - Acquire Items and Review MIPR and Case Status

a. Overview. The SMCA manages the acquisition process, while the SMCA and the Military Services coordinate to measure and report progress. If acquisition is not managed effectively, if status is not reported in a manner permitting timely and proper management intervention, or if performance is not measured correctly, the primary **FMS** goal probably will not be met. That is, the ammunition items shall not be

acquired within the prices and delivery schedules agreed to by the U.S. Government and the customer in the LOA.

b. Policies

(1) Acquisition Policies

(a) The SMCA shall make every effort to complete delivery on schedule and within the original price estimate for the ammunition items. The **SMCA** or its agent shall accept the item and make it available for movement to the customer.

(b) To the maximum extent possible, the Military Services and SMCA shall direct cite the FMS funds on all documentation for items from procurement.

(c) Items are "accepted" when the **SMCA** is notified that the items meet the requirements of the acquisition contract and are ready for shipment.

(d) The SMCA shall explore all opportunities to attain the primary goal of **ontime** and oncost delivery. The performance of the **SMCA** shall be measured by comparing the P&A data provided to the Military Service in Stage 5 with the final cost and delivery date when the **acquisition** action is complete.

(2) Status Reporting Policies

(a) The SMCA shall periodically report on its own effectiveness and that of the Military Services regarding the **FMS** of conventional **ammunition**.

(b) The reporting procedures described in this stage shall be periodically reviewed and updated through agreement by the SMCA and the Military Services.

c. Responsible Organizations. The following SMCA and Military Service **organizations** shall acquire items and review their status:

(1) **SMCA.** AMSMC-DS(R).

(2) Army. AMSMC-IL(R).

(3) Navy. SPCC 852.

(4) Air Force. OO-ALC/PMDM.

(5) Marine Corps. CMC LMB.

d. Procedures

(1) Acquire Items

(a) The acquisition process is conducted according to Chapter 6., above. Highlights of this process are as follows:

1 For the Army, **AMSMC-CP(R)** verifies the funding for "major/APA" items and issues **AMC** Form 1300 to the **AMCCOM** Production Directorate (**AMSMC-PD(R)**). Using **AMCCOM** procedures, **AMSMC-PD(R)** and other **AMCCOM** directorates provide input to **AMSMC-IL(R)** (the lead organization for FMS of conventional ammunition). Army and **SMCA coordination** is accomplished between **AMSMC-IL(R)** and **AMSMC-DS(R)**.

2 For the Navy, Air Force, and Marine Corps, the **SMCA** issues **production** orders (**AMC** Forms 1095) and financial orders (**AMC** Forms 1300).

3 The **MIPR** may state on its face whether the total **MIPR** estimates can be exceeded by the purchasing officer and, if so, by how much. The additional amount shall not normally be more than 10 percent of the total estimated **MIPR** amount.

(b) The **SMCA** shall make every effort to accomplish **on-schedule** delivery within the original price estimate. The **SMCA** accepts the item and makes it available to the freight forwarder in time to meet the customer **RDD**.

(c) The performance of the **SMCA** is measured by comparing the **P&A** data provided to the Military Service in Stage 5 to the final cost and schedule when the acquisition action is complete.

(d) Formal **MIPR** amendments are required whenever shipping document number(s) or destination changes are made.

(2) MIPR Review and Case Status

(a) MIPR Reviews. These are conducted according to Chapter 6, section D., above. The **SMCA** and the Navy, Air Force, and Marine Corps conduct **MIPR** reviews on a periodic basis. The Army uses its own management information system.

1 The Army uses **ILSDP** to coordinate with the **SMCA**. The **ILSDP reviews** between the **SMCA** and **AMSMC-IL(R)** are conducted quarterly. Changes to **ILSDP** data **are made** using **AMC** Form 1577-B-R. Such changes are based on internal Army **communication** and correspondence.

2 For the Navy, Air Force, and Marine Corps, the **SMCA** provides monthly status of other DoD Customer **MIPR/Purchase** Order Report (**AMSMC** Form 38). The **SMCA** and the Military Services issue formal minutes of **MIPR** reviews. The **SMCA** documents **MIPR** reviews on **AMSMC** Form

1113. Military Service **comments** are shown in sheets attached to the **AMSMC** Form 1113 package issued after the reviews. The SMCA uses **AMSMC** Form 198 internally to prepare for MIPR reviews.

(b) Performance Reporting on SMCA Effectiveness. The SMCA provides the following periodic reports as measures of its own effectiveness:

1 Monthly reports to the Military Services on the status of each MIPR **item**.

2 As part of the MIPR review, the number of **MIPRs** and information on **P&A** turnaround time, translation of **MIPRs** into contracts, contract deliveries (cost and schedule) measured against **CRDDs** and the basic **MIPRs**, and other information requested by the Military Services.

(c) Performance Reporting on Military Service Effectiveness. The SMCA provides the following reports as measures **of** Military Service effectiveness since the last MIPR review:

1 Number of Military Services' requests for expedited (less than the normal 30-day turnaround) **P&A** data.

2 Number of expired offers.

3 Number of cases requiring **revalidation**.

4 Number of "produced, not shipped" cases exceeding 30 days.

5 Number of incomplete P&A requests received from the Military Services.

6 Number of status changes not responded to in 30 days.

(d) Administrative Requirements for Performance Reporting. The SMCA shall:

1 Together with the Military Services, periodically review these **reporting** procedures and update them as mutually agreed upon.

2 Maintain all FMS file data by **ADP-sortable** FMS case identifier.

3 Establish, maintain, and provide the Military Services access to an automated data base for MIPR tracking and management.

e. Forms Used

(1) To Acquire Items

- (a) AMC Form 1300.
- (b) AMC Form 1095.
- (c) SMCA messages to the Military Services.

(2) To Review MIPR and Case Status

- (a) **ILSDP.**
- (b) AMC Form 1577-B-R.
- (c) **AMSMC** Form 38.
- (d) **AMSMC** Form 1113.
- (e) **AMSMC** Form 198.
- (f) Various reports to measure effectiveness.

f* Time Standard. All activities in **Stage 11** are to be completed by the date quoted in the P&A data generated in Stage 5.

12. **Stage 12 - Performance Reporting**

a. Overview. Military Services report FMS deliveries of materiel and services, contractor progress payments, and other related costs to the SAAC for the purpose of obtaining reimbursement or reporting performance as prescribed in DoD 7290.3-M, Chapter 8.

b. Policies. Military Services **shall** report accrued expenditures (work in process) and physical deliveries to the SAAC through the use of billing and reporting procedures prescribed in DoD 7290.3-M, Chapter 8, and within 30 days of occurrence (date of shipment or performance).

c. Responsible Organizations

- (1) **SMCA. AMSMC-DS(R).**
- (2) Army. **USASAC (NCAD).**
- (3) Navy and Marine Corps. NAVILCO.
- (4) Air Force. **AFLC/ILC.**

d. Procedures

(1) The SMCA submits an estimated actual (interim) **bill** to the Military Service and a final bill, when available. The bills provided by the **SMCA** must be supported by documents that describe each cost element and are in a format consistent with the original P&A. All billing is submitted according to Military Service **MIPR** instructions.

(2) The Military Service identifies any cost elements that are **in** addition to those provided by the **SMCA**, and includes them in the final billings submitted to the **SAAC**.

e. Forms Used. **DD-COMP(M)1517.**

f. Time Standard. Within 30 days of shipment or performance.

13. Stage 13 - Review Case Status With Customer

a. Overview. The Military Services are obligated to keep the customer fully informed of the status of each case item request for conventional **ammunition**. The source of data is the status information reported by the SMCA in Stage 11. Proper performance of this stage permits the customers to monitor their own planning and preparedness requirements. In many cases, the U.S. Government also benefits because the items are used in training and combined operations in which the United States has a national objective of enhancing the collective security of friends and allies.

b. Policies. Communication between the Military Service and the customer shall be according to the SAMM and Military Service instructions. This includes the requirement to inform the customer of any delivery delays of more than 90 days or price changes of more than 10 percent.

c. Responsible Organizations

(1) Army. **USASAC.**

(2) Navy and Marine Corps. CNO OP 63.

(3) Air Force. **ILC/00/SR** and HQ **USAF/PRI.**

d. Procedures. Requirements are as specified in the SAMM and Military Service instructions.

e. Forms Used. None.

f. Time Standard. None.

14. Stage 14 - Submit Notice of Availability

a. Overview. The **SMCA** or its agent is responsible for accepting items from the manufacturer. The shipping activity shall notify the freight forwarder when items are available and ready for shipment; however, if shipment to the customer is to be made through the DTS, freight forwarder notification is not required. The Military Services also require notification so that their agencies can ensure prompt transfer of title and movement. Ownership of the **ammunition** shifts to the customer at the point of origin, and the item is then considered to be a delivered item on the individual FMS case.

(1) The SMCA shall provide clear and explicit language in the monthly status reports that items have been "produced, not shipped" when such status applies.

(2) The Military Services shall closely monitor the actions being taken by the freight forwarders and provide prompt and vigorous assistance to the customers. The objective of this assistance is to ensure material does not remain in a "produced, not shipped" status.

b. Policies

(1) Availability for shipment includes ensuring that the SAMM requirements for transportation security for sensitive conventional ammunition and explosives have been met. The following extracts from DoD 5105.38-M define these requirements:

(a) Use of DoD Controlled Ports. FMS material that requires exceptional movement procedures, such as sensitive, and as required, certain hazardous material (as defined in DoD 4500.32-R, Volume I, Chapter 2, paragraph 12-15, Military Traffic Management Regulation, Chapter 226, and Title 49, CFR Part 170-179 and 397, and DoD 5100.76-M), will be shipped through CONUS water or aerial port facilities controlled by Department of Defense. All material entering the DTS must be documented under DoD 4500.32-R, Volumes I and Volumes II. This will require that the terms of delivery of the LOA cite as a minimum, delivery FOB Vessel/Aircraft, CONUS Port of Exit Delivery Term Code 8.

(b) Receiving, Handling, and Processing Materiel. These functions are the responsibility of the purchaser and are normally accomplished by the freight forwarder. The purchaser should ensure that the freight forwarder has adequate receiving and storage facilities for processing shipments of various configurations for onward movement, with materiel handling equipment required for loading/unloading of **commercial** carrier conveyances. Specific authorizations must be received from the Department of Defense to receive and store classified, hazardous, or sensitive materiel.

(c) Sensitive, Hazardous, or Classified Material.
Arrange with all shippers to have a customer representative on hand to **sign, at** the site of-or aboard ship or plane, for sensitive, applicable hazardous cargo, or classified cargo that is marked for Delivery Term Codes 3 and 8.

(2) **The SMCA** shall provide clear and explicit language in the monthly status reports that items have been "produced, not shipped" when such status applies.

(3) The Military Services shall closely monitor the actions being taken by the freight forwarders and provide prompt and vigorous assistance to the customers. The objective of this assistance is to ensure material does not remain in a "produced, not shipped" status.

c. Responsible Organizations

(1) SMCA. **AMSMC-DS(R).**

(2) Army. **AMSMC-IL(R).**

(3) Navy. SPCC 852.

(4) Air Force. **00-ALC/MMWMF.**

(5) Marine Corps. CMC LMB.

(6) Production Sites. Local DoD organizations, such as **DCASR** and plant representatives.

d. Procedures

(1) Notices of availability (OD Form 1348-5) are provided by local DoD activities to the freight forwarders. Copies of **MILSTRIP** requisitions also provide notification that items have been released. Through review of production status the SMCA is made aware when items are available for shipment.

(2) The SMCA notifies the single point of contact for each Military Service when material becomes available.

(3) The SMCA follows up by providing **clear** and explicit language in the monthly **AMSMC** Forms 38, "Status of Other DoD Customer **MIPR/Purchase** Orders," that items have been "produced, not shipped" when such status applies.

(4) The Military Services closely monitor the freight forwarder's actions and provide prompt and vigorous assistance to the customer to ensure that material does not lapse into a "produced, not shipped" status.

(5) The Military Services ensure that storage charges are assessed for each item that remains in a "produced, not shipped" status for over 15 days, in accordance with the **SAMM**.

e. Forms Used

(1) **DD** Form 1348-5.

(2) **AMSMC** Form 38.

f. Time Standards. Storage charges are assessed when items are in a "produced, not shipped" status for more than 15 days.

15. Stage 15 - Initiate Freight Forwarding

a. Overview. As the agent of the customer, the freight forwarder arranges delivery to the customer. The freight forwarder is responsible to the customer for movement of the items to their destination, unless the DTS is used for in-country delivery. In the latter case, the freight forwarder is not involved or responsible.

b. Policy. Freight forwarding is a customer responsibility. The Military Services shall monitor, follow up, and coordinate, as necessary.

c. Responsible Organizations. They are local DoD activities and freight forwarders.

d. Procedure. On receiving the notice of availability, the freight forwarder arranges for transportation of the items to the customer.

e. Forms Used. **DD** Form 1348-5.

f. Time Standard. The time standard shall be 15 calendar days from issuance of the **DD** Form 1348-5 (Stage 13) to receipt or pickup by the freight forwarder.

16. Stage 16 - Resolve Discrepancies

a. Overview. Upon delivery of ammunition items to the customer, the possibility exists that final case closeout shall be delayed pending resolution of problems in quantity, quality, condition, or price of one or more items. The customer reports discrepancies to the Military Service, usually by means of the ROD.

b. Policies

(1) Each Military Service shall take prompt action to resolve the ROD.

(2) The SMCA shall provide necessary information to resolve the discrepancy to the Military Services.

c. Responsible Organizations

(1) SMCA. AMSMC-DS(R).

(2) Army. USASAC(NCAD) .

(3) Navy and Marine Corps. NAVILCO.

(4) Air Force. ILC.

d. Procedures

(1) After receiving a ROD from a customer, the **Military** Service takes prompt action to resolve it.

(2) If a reported problem is **a result** of the acquisition process under the **SMCA's** cognizance (Stage 11), the Military Service requests SMCA resolution.

(3) The SMCA provides a resolution plan to the Military Service within 50 days so that the Military Service can fulfill its time limit responsibilities.

(4) The Military Services and the SMCA **shall** reconcile discrepancies according to DoD and Military Service instructions.

e. Forms Used. SF 364.

f. Time Standards

(1) SMCA. Provide a resolution plan to the requesting Military Service **within** 50 days of the request.

(2) Military Services. Resolve discrepancies within 270 days of notification.

17. Stage 17 - Close Out the Case

a. Overview. The purpose of this stage is to ensure that all necessary actions are completed before case closure. Case closure means all items are delivered and all financial transactions are completed. The **SMCA** and the Military Service perform the necessary reconciliations, and, the Military Service submits the case to SAAC for closure.

b. Policies

(1) The SMCA **shall** ensure the **ammunition** items are shipped and the required bills are submitted to the Military Service.

(2) The Military Service **shall** reconcile delivery and billings according to DoD 5105.38-M and DoD 7290.3-M.

(3) There shall be no outstanding RODS (Stage 16) at case closure.

c. Responsible Organizations

(1) SMCA. AMSMC-DS(R).

(2) Army. USASAC(NCAD) .

(3) Navy. CNO OP 63 and SPCC 0325.

(4) Air Force. ILC/00/SR and HQ USAF/PRI.

(5) Marine Corps. CMC LMB.

d. Procedures

(1) The Military Services close out cases in accordance with DoD 5105.38-M, DoD 7290.3-M, and Military Service instructions.

(2) The Military Service reconciles delivery and bill ings, resolves any open discrepancies (Stage 16), and closes the case using DoD and Military Service instructions.

e. Forms Used. DD-COMP(M)1517 and FMS Case Closure Certificate.

f. Time Standards. No time standards are applied to this stage.

D. USING SPECIAL DoD FORMS FOR FMS OF CONVENTIONAL AMMUNITION

Three DoD forms are prescribed for use in the **FMS** process for conventional **ammunition** assigned to the **SMCA**. P&A are requested from, and provided by, the SMCA on DD Form 2353, "Foreign Military Sales Price and Availability - Conventional Ammunition" (figure 14-2.). Maintenance costs in connection with FMS of SMCA **ammunition** are displayed on DD Form 2354, "Foreign Military Sales Renovation - Conventional Ammunition" (figure 14-3.). The details of FMS funded costs and authorized surcharges are shown on DD Form 2355, "Foreign Military Sales Funded Costs and Authorized Surcharges - Conventional **Ammunition**" (figure 14-4.). This section tells how to fill out each of these forms.

FOREIGN MILITARY SALES PRICE AND AVAILABILITY - CONVENTIONAL AMMUNITION										REPORT CONTROL SYMBOL MIL (AR) 1690					
PART I - TO BE COMPLETED BY THE SERVICE															
1. TO (complete mailing&es, including office symbol ● fuIZ@CO@.						2. FROM (Complete mailing address, including office symbol and ZIP code)									
3. LEVEL OF PRICING (X one)			5. CASE			7. NSN			10. DATE FUNDS AVAILABLE (Month and Year)						
● .P&A						8. DODIC			11. REQUIRED DELIVERY DATE						
b. P & R															
c. REVALIDATION (List previous P & A Control No.)			6. SOURCE OF SUPPLY (X one)			9. NOMENCLATURE			12. TDP SOURCE						
1. QUANTITY			● . RS												
			b. RM (See Remarks)												
			c. PROCUREMENT												
			d. REMOVATION			13. TOP AVAILABILITY VALIDATION <input type="checkbox"/> YES (X, if ● ppkabl)									
14. REMARKS															
5. ORIGINATOR															
a. SIGNATURE				b. OFFICE SYMBOL		c. AUTOVON NO.			d. DATE SIGNED						
PART II - TO BE COMPLETED BY THE SMCA INVENTORY CONTROL															
6. TO (Complete mailing address, including office symbol ● nd ZIP code)						17. FROM (Complete mailing address, including office symbol and ZIP code)									
8. CONTROL NUMBER			19. SOURCE OF SUPPLY (X one)												
			● . MR			b. RS		c. RM		d. RP		● . CP		f. RENOVATION	
O. ITEM SUPPLIED TO CUSTOMER															
QUANTITY		b. NSN			c. DODIC			d. NOMENCLATURE							
1. ITEM SUPPLIED TO SERVICE (RM Sale Only)															
UNIT OF ISSUE		b. NSN			c. DODIC			d. NOMENCLATURE							
2. SMCA INVENTORY MANAGER															
. SIGNATURE				b. OFFICE SYMBOL		c. AUTOVON NO.			d. DATE SIGNED						
3. PRICING BREAKDOWN ATTACHED FOR (X one)						24. UNIT PRICE			25. ESTIMATED DATE AVAILABLE (Month ● ui Year)			26. MIPR DEADLINE (Month ● nd Year)			
a. P & A b. P & R c. RENOVATION						a. MIPR			b. DD 1513						
27. REMARKS															
B SMCA PRICE AND AVAILABILITY CONTROL OFFICER															
SIGNATURE				b. OFFICE SYMBOL		c. AUTOVON NO.			d. DATE SIGNED						

FORM 12355, APR 03

1. The DD Form 2353

a. Part I - To Be Completed By the Military Service

(1) Blocks 1. and 2., Addresses ("To" and "From"). This is self-explanatory.

(2) Block 3., Level of Pricing. Check one of the following:

(a) Block a., P&A. This is for a P&A request that may result in a funded requirement.

(b) Block b., P&R. This is for a P&R request that will not result in a funded requirement, but is for customer budgetary planning purposes only.

(c) Block c., Revalidation. This is for **all** subsequent **followups** to a previous request. The previous P&A request control number must be included.

(3) Block 4., Quantity. Enter the quantity to be priced. The quantity must be in standard pack, unless the word "firm" is entered after quantity to show other than standard pack is mandatory.

(4) Block 5., Case. Fill in the 6-digit country code, Military Service, and case designator.

(5) Block 6., Source of Supply. Check one of the following:

(a) Block a., RS. This means issue from stock without replacement in kind.

(b) Block b., RM. This means issue from stock with replacement **by** an improved version. The remarks block must identify the improved item-to be bought back.

(c) Block c., Procurement. This is self-explanatory=

(d) Block d., Renovation. This means only renovation services are required.

(6) Block 7., NSN. This is self-explanatory. Provide, if known.

(7) Block 8., DoDIC. This is self-explanatory; however, note that the **DoDIC** is mandatory.

(8) Block 9., Nomenclature. Enter the complete nomenclature, including model and designation. Include the part number, if applicable.

(9) Block 10., Date Funds Available. Enter the best estimate of the date funds can be received at the **SMCA**.

(10) Block 11., Required Delivery Date. This is the date the materiel is expected to be required for delivery. This block should be used only when the customer requires delivery by a specific date.

(11) Block 12., TDP Source. State the Military Service and specific engineering activity with design configuration control for this item; for example, Army - Armament R&D Center, Navy - Crane, Air Force - Ogden ALC.

(12) Block 13., TDP Availability Validation. A **"yes"** response indicates the Military Service is confirming TDP availability.

(13) Block 14., Remarks. Include any additional information that will assist the procuring office in generating an estimated price.

(14) Block 15., Originator. This is self-explanatory.

b. Part II - To Be Completed by the SMCA Inventory Control

(1) Blocks 16. and 17., Addresses ("To" and "From"). This is self-explanatory.

(2) Block 18., Control Number. Enter the sequential identification number assigned to this **P&A**.

(3) Block 19., Source of Supply. Put an "X" in the block that indicates the method of supply:

(a) Block a., MR. This is for issue from stock with no replacement (Army **only**).

(b) Block b., RS. This is for issue from stock with replacement in kind.

(c) Block c., RM. This is for issue from stock with replacement by an improved version. The remarks block must identify the improved item to be bought back.

(d) Block d., RP. This shall be supplied from **procurement**.

(e) Block e., This shall be supplied from procurement in a customer-peculiar configuration.

(f) Block f., Renovation. The estimated costs are for renovation of materiel.

(4) Block 20., Item Supplied to Customer

(a) Block a., Quantity. This should be the same number as in block 4., unless changed for unit pack or pallet pack adjustments. If the quantity is changed, state the reason in block 27., "Remarks."

(b) Block b., NSN. Enter the NSN of the item that will be supplied to the customer. If different from block 7., explain in block 27., "Remarks."

(c) Block c., DoDIC. Enter the DoDIC of the item that will be supplied to the customer. If different from block 8., explain in block 27., "Remarks."

(d) Block d., Nomenclature. Enter the nomenclature of the item that will be supplied to the customer. If different from block 9., explain in block 27., "Remarks."

(5) Block 21., Item Supplied to Service (RM Sale Only)

(a) Block a., Unit of Issue. Specify the **UI** of the item.

(b) Block b., NSN. For RM sales, indicate the NSN of the improved item to be procured for the Military Service.

(c) Block c., DoDIC. For RM sales, indicate the DoDIC of the improved item to be procured for the Military Service.

(d) Block d., Nomenclature. For RM sales, indicate the nomenclature of the improved item to be procured for the Military Service.

(6) Block 22., SMCA Inventory Manager. This is **self-explanatory**.

(7) Block 23., Pricing Breakdown Attached For. Put an "X" in the appropriate block for the type of backup sheet attached.

(8) Block 24., Unit Price. This is the estimated price.

(a) Block a., MIPR. This entry is equal to the funded costs (DD Form 2354, block 17., or DD Form 2355, block 33.).

(b) Block b., DD 1513. This entry is equal to the total costs and charges (DD Form 2354, blocks 23. or 29., depending on whether the end item is included, or DD Form 2355, block 45.).

(9) Block 25., Estimated Date Available (Month and Year). This is the date the materiel is expected to be available to ship.

(a) If availability is spread over time, show the quantity available for each month and year. If space does not permit, use block 27., "Remarks," to complete the entry.

(b) This date may vary from the date the materiel is available from the contractor, as shown in DD Form 2355, block 10. The difference between dates usually represents SMCA administrative time. For unusual requirements, it also may include additional time for transportation when shipment through a DoD depot is required.

(10) Block 26., MIPR Deadline. Enter the date the SMCA requires funds in order to place this order on contract within the conditions of the P&A. This date will be earlier than the funding deadlines shown in the DD Form 2355, block 9. The difference is to allow the SMCA time to process funds to the contracting officer.

(11) Block 27., Remarks. Generally self-explanatory, but refer to subparagraph D.1.a. (4), above, for mandatory remarks.

(12) Block 28., SMCA Price and Availability Control Officer. This is self-explanatory.

c. Additional Required Information. In preparing the DD Form 1513, the Military Services require additional information not provided on the P&A form. These data include the identification of any items with sensitive technology, patent rights, or royalty fees, as well as associated data required with identification of that item. Examples of associated data include statements explaining the sensitivity of technology, types of patent rights, and the like. Rather than providing these data with each P&A form, each Military Service compiles a list of items involving sensitive technology, patent rights, or royalty fees. The data required for assembling the list should be available from the SMCA on request. Each Military Service is responsible for updating its list. Requirements then can be screened by the Military Service and the appropriate data included with the FMS case.

2. The DD Form 2354. This form (figure 14-3.) stratifies the elements of the total FMS price. The format is designed to provide the data needed for completing the DD Form 2061, "Foreign Military Sales Planning Directive." Column a identifies the pricing element; column b shows the unit price of each element; column c is the total price for each element (unit price multiplied by quantity); and column d provides the pricing element code as identified by DoD 7290.3-M.

FOREIGN MILITARY SALES RENOVATION - CONVENTIONAL AMMUNITION				REPORT CONTROL SYMBOL MIL (AR) 1691	
1 CASE	2. QUANTITY	3. CONTROL NUMBER	4. NSN	5. DODIC	
PART I - TO BE COMPLETED BY SMCA MAINTENANCE OFFICER					
SECTION A - FUNDED COSTS					
ELEMENT FY _____ •	UNIT PRICE b	TOTAL PRICE c	BILL CODE d		
6. MATERIAL (including GFM)			CC		
7. STOCK FUND SURCHARGE (To be applied against ASF material only)			CC		
8. PA. SECONDARY SURCHARGE (To be applied against P. A. secondary material only)			CC		
9. DIRECT LABOR			CC		
10. INDIRECT LABOR			CC		
11. OVERHEAD			CC		
12. PACKAGING, CRATING, HANDLING (PCH)			CC		
13. SUBTOTAL					
14. MILITARY PAY AND ALLOWANCE COSTS (MPA)			MP		
15. MILITARY PAY AND ALLOWANCE BENEFITS (MPAB)			MX		
16. RETIRED MILITARY PAY AND ALLOWANCE COSTS (RMPA)			MR		
17. TOTAL FUNDED COSTS					
SECTION B - UNFUNDED COSTS					
18. ASSET USE (GOCO only)			AU		
19. UNFUNDED CIVILIAN RETIREMENT(AW)			CP		
20. UNFUNDED DEPRECIATION (AIF)			AU		
21. INTEREST ON INVESTMENT (AW)			AU		
22. TOTAL UNFUNDED COSTS					
23. TOTAL RENOVATION COSTS (Add blocks 17 and 22).					
24. SMCA MAINTENANCE OFFICER					
a. SIGNATURE	b. OFFICE SYMBOL	c. AUTOVON NUMBER	d. DATE SIGNED		
PART II- END ITEM COSTS - TO BE COMPLETED BY SMCA PROGRAM ANALYST					
25. END ITEM (stock replaced)			SR		
26. END ITEM (Stock not replaced)			SF		
27. NONRECURRING ROTE (As applicable)			RD		
28. NONRECURRING PRODUCTION (As applicable)			NP		
29. TOTAL HARDWARE COSTS (Add blocks 25, 26, 27 & 28)					
30. REMARKS					
31. SMCA PROGRAM ANALYST					
a. SIGNATURE	b. OFFICE SYMBOL	c. AUTOVON NUMBER	d. DATE SIGNED		

a. Heading. This section relates the form to the basic P&A form (DD Form 2353) it is attached to.

(1) Block 1., Case. This entry corresponds to the DD Form 2353, block 5.

(2) Block 2., Quantity. This is self-explanatory.

(3) Block 3., Control Number. This entry corresponds to the DD Form 2353, block 18.

(4) Block 4., NSN. This entry corresponds to the DD Form 2353, block 7.

(5) Block 5., DoDIC. This entry corresponds to the DD Form 2353, block 8.

b. Part I To Be Completed by SMCA Maintenance Officer

(1) Section A. Funded Costs. The funded costs are those billed to each Military Service by the SMCA. This price is the amount for which the MIPR should be established. **Only** actual costs incurred in performance of an FMS order will be used.

(a) Block 6., Material. Enter the values of material used during renovation.

(b) Block 7, Stock Fund Surcharge. Show the values for the authorized surcharges applicable to stock fund material (block 6.). The current Army Stock Fund surcharge for FMS is published annually by OASD(C) (MS).

(c) Block 8., P.A. Secondary Surcharge. Show the values for the authorized surcharges applicable to P.A. secondary material in block 6. The current P.A. secondary surcharge is 10 percent (.10 x P.A. secondary value in block 6.).

(d) Block 9., Direct Labor. Show the direct labor costs associated with renovation.

(e) Block 10., Indirect Labor. Show the indirect labor costs associated with renovation.

(f) Block 11., Overhead. Show the overhead costs associated with renovations.

(g) Block 12., Packing, Crating, Handling (PCH). This entry is currently .035 x the standard price of the ammunition item.

(h) Block 13., Subtotal. Enter the sum of-blocks 6. through 12.

(i) Block 14., Military Pay and Allowance Costs (MPA). This is an indirect charge to cover appropriate military overhead. This charge applies to all Army Industrial Fund components for modified direct cite (formerly RP), RS, and RM orders; however, it does not apply against MAP orders when the FMS case is wholly funded by MAP.

(j) Block 15., Military Pay and Allowance Benefits (MPAB). This entry shows the cost of benefits associated with appropriate military pay and allowance charges. This charge shall be applied against all AIF components for modified direct cite (formerly RP), RS, and RM orders. It does not apply against MAP orders when the FMS case is wholly funded by MAP.

(k) Block 16., Retired Military Pay and Allowance Costs (RMPA). This charge shall be applied against all AIF components for modified direct cite (formerly RP), RS, and RM orders. It does not apply against MAP orders when the FMS case is wholly funded by MAP.

(1) Block 17., Total Funded Costs. This is the sum of all funded costs in blocks 6. through 16., above. (However, the MIPR value should be established for the amount in block 13.)

(2) Section B. - Unfunded Costs. This section summarizes all the authorized surcharges to be added to the funded value above. Each Military Service shall bill these charges, through the SAAC, to the customers.

(a) Block 18., Asset Use, (GOCO Only). The authorized asset use charges are 4 percent (.04 x block 13.). This element is applied only against GOCO components and labor, and it applies to GOCO plants only.

(b) Block 19., Unfunded Civilian Retirement (AIF). This is an authorized charge to recover the U.S. Government's contribution to the civilian retirement fund. Current rate for FMS is published annually by OASD(C)(MS).

(C) Block 20., Unfunded Depreciation (AIF). This is an authorized charge to recover values not included in the AIF recovery rate, such as building and the like. It is applied only against AIF costs. Estimates shall be provided each AIF activity on a case-by-case basis.

(d) Block 21., Interest on Investment (AIF). This is an authorized charge to recover interest on the net book value of an activity's assets. It is applied only against AIF costs. Estimates shall be provided by each AIF activity on a case-by-case basis.

(e) Block 22., Total Unfunded Costs. Enter the sum of all unfunded costs in blocks 18. through 21.

(f) Block 23., Total Renovation Costs. Enter the sum of blocks 17. and 22.

(g) Block 24., SMCA Maintenance Officer. Self-explanatory.

Part II - End Item Costs (To Be Completed by SMCA Program Analyst)^c

(1) Block 25., End Item (Stock Replaced). Enter the basic price of an item to be **sold** if it will be replaced in stock. The basic price is the estimated (or actual) cost of the replacement item.

(2) Block 26. End Item (Stock Not Replaced). Enter the most recent procurement cost of an item to be sold if it will not be replaced in stock.

(3) Block 27., Nonrecurring RDTE (As Applicable). When this cost applies, it should be taken from the list published by the **OASD(C)**.

(4) Block 28., Nonrecurring Production (As Applicable). When this cost applies, it should be taken from the list published by the **OASD(C)**.

(5) Block 29., Total Hardware Costs. Enter the sum of either blocks 25. or 26., plus blocks 27. and 28.

(6) Block 30., Remarks. Use as necessary.

(7) Block 31., SMCA Program Analyst. Self-explanatory.

3. The DD Form 2355 (figure 14-4.)

a--- Heading. This section relates the **DD** Form 2355 to the basic P&A form (DD Form 2353) it is attached to.

(1) Block 1., Case. This entry corresponds to **DD** Form 2353, block 5.

(2) Block 2., Control Number. This entry corresponds to **DD** Form 2353, block 18.

(3) Block 3., Item Supplied to Customer

(a) Block a., NSN. This corresponds to **DD** Form 2353, block 20.b.

(b) Block b., DoDIC. This corresponds to **DD** Form 2353, block 20.c.

FOREIGN MILITARY SALES (FMS) FUNDED COSTS AND AUTHORIZED SURCHARGES - CONVENTIONAL AMMUNITION											REPORT CONTROL SYMBOL MIL (AR) 1692				
1. CASE		2. CONTROL NUMBER		3. ITEM SUPPLIED TO CUSTOMER											
				a. NSN			b. DODIC			c. NOMENCLATURE					
4. CLASS		5. QUANTITY		6. ITEM SUPPLIED TO SERVICE											
				a. NSN			b. DODIC			c. NOMENCLATURE					
PART I - TO BE COMPLETED BY THE SMCA PRODUCTION MANAGER															
7. BASIS OF OFFER (X one)											8. MPQ		9. FUNDING DEADLINE		
a. CONTRACT OPTION		b. CONTRACT TIE IN		c. STAND ALONE		d. LESS THAN MPQ									
10. AVAILABLE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC			
CY															
CY															
CY															
11. REMARKS															
12. ORIGINATOR															
a. SIGNATURE						b. OFFICE SYMBOL			c. AUTOVON NUMBER			d. DATE SIGNED			
PART II - TO BE COMPLETED BY THE SMCA PROGRAM ANALYST															
A - Planning and Review Data															
13. CUSTOMER QUANTITY				14. INCREASE QUANTITY TO MPQ				15. AWAIT MPQ ACCUMULATION							
a. PRICE		b. AVAILABILITY		●. PRICE		b. AVAILABILITY		●. PRICE		b. AVAILABILITY					
B - Price and Availability Data															
ELEMENT FY __		UNIT		TOTAL		co		ELEMENT FY __		UNIT		TOTAL		CD	
a		b		c		d		●		b		c		d	
16. CC HARDWARE						CC		33. TOTAL FUNDED COST (27 - 32)							
17. SR HARDWARE						SR									
18. SF HARDWARE						SF		34. RENTAL (CAWCF) (COCO)						AU	
19. TOTAL HARDWARE								35. ASSET USE (GOCO)						AU	
20. START-UP / LAYAWAY						0 s		36. NRC ROTE						RD	
21. ENGR SUP						0 s		37. NRC PDN						NP	
22. QA						0 s		38. UNF CIV RET (AIF)						CD	
23. PROOF & ACPT						FS		39. UNF DEPR (AIF)						AU	
24. REWORK						0 s		40. INT ON INV (AIF)						AU	
25. ADMIN						0 s		41. OTHER							
26. OTHER								42. TOTAL UNFUNDED COST							
27. SUBTOTAL (19 - 26)								43. TOTAL FUNDED AND UNFUNDED							
28. FDT						0 s									
29. MPA (AIF)						MP		44. DCAA/DCAS/COR QA						CX	
30. MPAB (AIF)						MX									
31. RMPA (AIF)						MR		45. TOTAL 001513 PRICE (43 ● nd 44)							
32. ADJUSTMENT						0 s									
46. REMARKS															
47. SMCA PROGRAM ANALYST															
a. SIGNATURE						b. OFFICE SYMBOL			c. AUTOVON NUMBER			d. DATE SIGNED			

(c) Block c., Nomenclature. This corresponds to DD Form 2353, block **20.d.**

(4) Block 4., Class. Enter the source of supply indicated in CID Form 2353, block 6.

(5) Block 5., Quantity. This block corresponds to DD Form 2353, block 4.

(6) Block 6., Item Supplied to Service. The following entries are used for RM sales only:

(a) Block a., NSN. This block corresponds to DD Form 2353, block **21.b.**

(b) Block b., DoDIC. This corresponds to DD Form 2353, block **21.c.**

(c) Block c., Nomenclature. This corresponds to DD Form 2353, block **21.d.**

b. Part I - To Be Completed by the SMCA Production Manager

(1) Block 7., Basis of Offer. In selecting **the** basis of offer, the date funds are expected to be received by the SMCA (DD Form 2353, block 10.) shall be considered. Note that funds can be received before this date if stated in block 9., "Funding Deadline," below, and if "Time Sensitive" is stated in block 11., "Remarks," below. Funds can be requested up to within 4 months of the current date in block **12.d.,** below. Put an "X" in one of the following blocks:

(a) Block a., Contract Option. Select this block if an item currently in production has an **option** clause in the contract and if funds are not-required within 4 **months** of the date in block **12.d.,** below. (The date restriction does not apply for **revalidations.**)

(b) Block b., Contract Tie In. If **the** item is not in production, but can be procured in combination with a planned buy (any DoD purchase planned in the **FYDP** and projected to occur within 2 years), and funds **are not** required within 4 **months** of the **date** in block **12.d.,** below, select this block. (The date restriction does not apply for **revalidations.**)

(c) Block c., Stand Alone. If the requirement is not in production and cannot be combined with a planned buy, but is of sufficient quantity to be placed on **contract by** itself, put an "X" in this block.

(d) Block d., Less Than MPQ. If none of the previous choices apply, put an "X" in this block. Refer to Part 11A, below, for P&R alternatives. If this block is selected, do not complete blocks 9.

and 10. Instead, provide procurement lead time in block 11., "Remarks." Note that the data provided in Part 11A are not sufficient to prepare a **DD** Form 1513.

(2) Block 8., MPQ. The minimum procurement quantity is the lowest quantity that can be procured without a program cost of greater than 20 percent above that associated with 1-8-5 operations.

(3) Block 9., Funding Deadline. Enter the month and year in which funds must be received by the SMCA production manager to place this order on contract within the conditions stated on this P&A. If block 7., "Basis of Offer," is less than **MPQ**, do not fill in this block. If funds are required before the date on **DD** Form 2353, **block 10.a.** "Time Sensitive" entry shall be made in block 11., "Remarks." Include the consequences of not receiving funds in time, such as "No buy planned 5 years," "Future buy next fiscal year," and so forth. Except for **revalidations**, no order shall be made that requires funds within 120 days of the date in block **12.d.**

(4) Block 10., Available. Indicate the month and year of the item's availability from the contractor. If production completion spans several months, indicate the quantities to be completed by month. Availability of funds (**DD** Form 2353, block 10.) must be considered when assigning a material availability date.

(5) Block 11., Remarks. This is self-explanatory.

(6) Block 12., Originator. This is self-explanatory.

c. Part **II** - To Be Completed by the SMCA **Program** Analyst

(1) Section A. - Planning and Review Data. Complete this section when **DD** Form 2353, block 3., indicates **P&R** data are required, or when block 7., "Basis of Offer," above, shows less than **MPQ**. The **level** of **pricing** provided in this section is not sufficient to prepare a **DD** Form 1513.

(a) Block 13., Customer Quantity. Enter P&A for P&R requests in blocks a. and b., respectively. If the basis of offer is less than **MPQ**, provide a P&R based on quantity. Availability is stated as the number of months after receipt of funds.

(b) Block 14., Increase Quantity to MPQ. Complete this entry for P&R requests only if the quantity requested is less than **MPQ**. If the basis of offer is less than **MPQ**, provide the P&R assuming the requested quantity is increased to the **MPQ**. Availability is stated as the number of months after receipt of funds.

(c) Block 15., Await MPQ Accumulation. Complete this entry for P&R requests only if the quantity requested is below **MPQ**. If the basis of offer is less than **MPQ**, provide the P&R assuming the

requested quantity will be held until it can be combined with another order to reach the MPQ. Availability is stated as the number of months after receipt of funds.

(2) Section B. - Price and Availability Data. Complete this section when the DD Form 2353, block 3., is checked "**P&A**" or "**Revalidation.**" However, if block-7., "**Basis of Offer,**" above, is marked "Less Than **MPQ,**" complete Section A, "Planning and Review Data," instead of this section. This section stratifies the elements of the total FMS price. The format is designed to provide the data needed to complete DD Form 2061, "Foreign Military Sales Planning Directive." Column a. identifies the pricing element, column b. shows the unit price for each element, column c. provides the total price of each element (unit price x quantity), and column d. provides the pricing element code (as identified by DoD 7290.3-M). Blocks 16. through 33. refer to funded costs that make up that portion of total costs billed to each Military Service by the **SMCA**. The funded costs block refers to the amount for which the MIPR should be established and are actual costs used to calculate an order. Blocks 34. through 42. refer to unfunded costs or the authorized surcharges to be added to the funded value above. Each Military Service is responsible for billing these charges to the customer. The following instructions tell how to fill out Section B., "Price and Availability Data."

(a) Block 16., CC Hardware. This is hardware from ongoing production. Enter the values of end item components originating from COCO, GOCO, or GOGO contracts. These prices are based on past contract values inflated according to DoD guidelines to the estimated availability date. If past contracts cannot be used, other DoD-approved cost estimating techniques are substituted for pricing purposes only.

(b) Block 17., SR Hardware. Enter the values of materiel obtained from Military Service stock with replacement.

(c) Block 18., SF Hardware. Enter the values of materiel obtained from Military Service stock without replacement.

(d) Block 19., Total Hardware. Enter the sum of blocks 16. through 18.

(e) Block 20., Start-Up/Layaway. Enter the costs for any unique production line start-up or layaway.

(f) Block 21., Engr Sup. Enter the values of **all** engineering support costs.

(g) Block 22., QA. Enter all QA costs.

(h) Block 23., Proof & Acpt. Enter all proof and acceptance test costs.

(i) Block 24., Rework. Enter **all** rework costs.

(j) Block 25., Admin. Enter **all** administrative costs beyond the normal administrative effort costs recovered through the FMS Administrative budget.

(k) Block 26., Other. Enter **all** miscellaneous costs. Identify the specific charge in **column a.**, and write in the bill code in column d.

(1) Block 27., Subtotal. , Enter the sum of the entries in blocks 19. through 26.

(m) Block 28., FDT. Enter **all** first destination transportation costs that apply to components used to assemble the end item. Note that this cost does not include end item transportation costs unless otherwise noted; most **RM-** and **RS-priced** items **include such** charges in the cost of the end item.

(n) Block 29., MPA (AIF). Enter **all** military pay and allowance costs. This charge applies only to the AIF components of the end item for modified direct cite (formerly RP), RS, **and** RM orders. It does not apply to MAP orders when the FMS case is wholly funded by MAP funds. This is an indirect charge to recover appropriate military overhead costs.

(o) Block 30., MPAB (AIF). Enter the costs of **all** military benefits. This charge is applied only to the AIF components of the end item for modified direct cite (formerly RP), RS, and RM orders. It does not apply to MAP orders when the **FMS** case is **wholly** funded by MAP. This **is an** indirect charge to recover appropriate military overhead costs.

(p) Block 31., RMPA (AIF). Enter **all** retired **military** pay and allowance costs. This charge is applied only to the AIF components of the end item for modified direct cite (formerly RP), **US,** and RM orders. It does not apply to MAP orders when the FMS case is wholly funded by MAP. This **is an** indirect charge to recover appropriate military overhead costs.

(q) Block 32., Adjustment. The total funded cost indicated in block 33. must be to the nearest cent. If prices shown in blocks 19. through 28. were calculated to four decimal places, **block 35.** should show the unit and total values required to round the figures to the nearest whole cent.

(r) Block 33., Total Funded Cost. This is the sum of blocks 27. through 32.; however, any MIPR should be established for the sum of blocks 27. and 28.

(3) Unfunded Costs. This section summarizes all the unfunded costs to be added to the funded **values** above. Each Military Service shall **bill** these charges, through SAAC, to the customer.

(a) Block 34., Rental (COCO). Enter all rental costs to be applied against the COCO components of an item supplied from procurement. **Although** this **charge is** normally a part **of a** contract price, it is not included in COCO ammunition contracts. Therefore, it must be billed as an unfunded charge.

(b) Block 35., Asset Use (GOCO). Enter the authorized 4 percent asset use charge. This value is applied only to the GOCO components of the end item supplied from procurement. The current rate is .04 x GOCO component cost. This element is not applied to RS, RM, MR, or MAP orders.

(c) Block 36., NRC RDTE. Enter the authorized surcharges for nonrecurring research, development, test and evaluation costs. Refer to the latest nonrecurring cost recoupment charge list published by **OASD(C)**.

(d) Block 37., NRC PDN. Enter the authorized surcharges for nonrecurring production costs. Refer to the latest non-recurring cost recoupment charge list published by **OASD(C)**.

(e) Block 38., UNF CIV RET (AIF). This is an authorized charge to recover the U.S. Government's contribution to the civilian retirement fund. Current **FMS** rate is published annually by **OASD(C)(MS)**.

(f) Block 39., UNF DEPR (AIF). This is an authorized charge to recover values not included in the **AIF** recovery rate, such as building and the like. It is applied only against AIF costs. Estimates shall be provided by each AIF activity on a case-by-case basis.

(g) Block 40., INTON INV (AIF). This is an authorized charge to recover interest on the net book value of an activity's assets. It is applied against AIF costs. Estimates shall be provided by each AIF activity on a case-by-case basis.

(h) Block 41., Other. Enter any miscellaneous cost and identify in block 46., "Remarks."

(i) Block 42., Total Unfunded Cost. This is the sum of blocks 34. through 41.

(j) Block 43., Total Funded and Unfunded. Enter the sum of blocks 33. and 42.

(k) Block 44., DCAA/DCAS/Contracting Officer's Representative QA. Enter the values of contract administration services. This value represents the estimated amount of the charges the SAAC will assess for items from procurement. It is based on the hardware values in block 16. The current rate is generally .015 x block 19.

(1) Block 45., Total DD 1513 Price. These are the values to be placed on a DD Form 1513. They represent the estimated **total** price the customer will pay and are the sum of blocks 43. and 44.

(m) Block 46., Remarks. Self-explanatory.

(n) Block 47., SMCA Program Analyst. Self-explanatory.

3. The DD Form 2355 (figure 14-4.)

a. Heading. This section relates the DD Form 2355 to the basic P&A form (DD Form 2353).

(1) Block 1., Case. This entry corresponds to DD Form 2353, **block 5.**

(2) Block 2., Control Number. This entry corresponds to DD Form 2353, **block 18.**

(3) Block 3., Item Supplied to Customer

(a) Block a., NSN. Corresponds to DD Form 2353, **block 20. b.**

(b) Block b., DoDIC. Corresponds to DD Form 2353, **block 20.c.**

(c) Block c., Nomenclature. Corresponds to DD Form 2353, **block 20.d.**

(4) Block 4., Class. Enter the source of supply indicated in DD Form 2353, **block 6.**

(5) Block 5., Quantity. Corresponds to DD Form 2353, **block 4.**

(6) Block 6., Item Supplied to Service. The following entries are used for **RM** sales only:

(a) Block a., NSN. Corresponds to DD Form 2353, **block 21.b.**

(b) Block b., DoDIC. Corresponds to DD Form 2353, **block 21.c.**

(c) Block c., Nomenclature. Corresponds to DD Form 2353, block **21.d.**

b. Part I - To Be Completed by the SMCA Production Manager

(1) Block 7., Basis of Offer. In selecting the basis of offer, consider the date funds are expected to be received by the SMCA (DD Form 2353, block 10.). Note that funds can be received before this date if stated in block 9., "Funding Deadline", below, and if "Time Sensitive" is stated in block 11., "Remarks", below. Funds can be requested up to within 4 months of the current date in block **12.d.**, below. Put an "X" in one of the following blocks:

(a) Block a., Contract Option. **Select** this block if an item currently in production has an option clause in the contract and if funds are not required within 4 months of the date in block **12.d.**, below. (The date restriction does not apply for **revalidations.**)

(b) Block b., Contract Tie In. If the item is not in production, but can be procured in combination with a planned buy (any DoD purchase planned in the FYDP and projected to occur within 2 years), and funds are not required within 4 months of the date in **block 12.d.**, below, select this block. (The date restriction does not apply for **revalidations.**)

(c) Block c., Stand Alone. If the requirement is not in production and cannot be combined with a planned buy, but is of sufficient quantity to be placed on contract by itself, put an "X" in **this block.**

(d) Block d., Less Than **MPQ.** If none of the previous choices apply, put an "X" in this block. Refer to Part 11A, below, for P&R alternatives. If this block is selected, do not complete blocks 9. and 10. Instead, provide procurement lead time in block 11., "Remarks." Note that the data provided in Part 11A are not sufficient to prepare a DD Form 1513.

(2) Block 8., **MPQ.** The minimum procurement quantity is the lowest quantity that can be procured without a program cost of greater than 20 percent above that associated with 1-8-5 operations.

(3) Block 9., Funding Deadline. Enter the month and year by which funds must be received by the SMCA production manager to place this order on contract within the conditions stated on this P&A. If block 7., "Basis of Offer," is less than MPQ, do not **fill** in this block. If funds are **required** before the date in DD Form 2353, block 10., a "Time Sensitive" entry should be made in block 11., "Remarks." Include the consequences of not receiving funds in time, such as "No buy planned 5 years," "Future buy next fiscal year," and so forth. Except for **revalidations**, no order **shall be** made that requires funds within **120**

days of the date in block 12.d.

(4) Block 10., Available. Indicate the month and year of the item's availability from the contractor. If production completion spans several months, indicate the quantities to be completed by month. Availability of funds (DD Form 2353, block 10.) must be considered when assigning a material availability date.

(5) Block 11., Remarks. Self-explanatory.

(6) Block 12., Originator. Self-explanatory.

c. Part II - To Be Completed by the SMCA Program Analyst

(1) Section A. - Planning and Review Data. Complete this section when DD Form 2353, block 3., indicates P&R data is required, or when block 7., "Basis of Offer," above, shows less than MPQ. The level of pricing provided in this section is not sufficient to prepare a DD Form 1513.

(a) Block 13., Customer Quantity. Enter P&A for P&R requests in blocks a. and b., respectively. If the basis of offer is less than MPQ, provide a P&R based on quantity. Availability is stated as the number of months after receipt of funds.

(b) Block 14., Increase Quantity to MPQ. Complete this entry for P&R requests **only** if the quantity requested is less than MPQ. If the basis of offer is less than MPQ, provide the P&R assuming the requested quantity is increased to the MPQ. Availability is stated as the number of months after receipt of funds.

(C) Block 15., Await MPQ Accumulation. Complete this entry for P&R requests only if the quantity requested is below MPQ. If the basis of offer is less than MPQ, provide the P&R assuming the requested-quantity will be held until it can be combined with another order to reach the MPQ. Availability is stated as the number of months after receipt of funds.

(2) Section B. - Price and Availability Data. Complete this section when the DD Form 2353, block 3., is checked "P&A" or "Revalidation." However, if block 7., "Basis of Offer," above, is marked "Less Than MPQ," complete Section A, "Planning and Review Data," instead of this section. This section stratifies the elements of the total FMS price. The format is designed to provide the data needed to complete DD Form 2061, "Foreign Military Sales Planning Directive." Column a identifies the pricing element, column b shows the unit price for each element, column c provides the total price of each element (unit price x quantity), and column d provides the pricing element code (as identified by DoD 7290.3-M). Blocks 16. through 33. refer to funded costs, that make up that portion of total costs billed to each Military

Service by the SMCA. Funded costs are the amount for which the MIPR should be established and are actual costs incurred in performance of an FMS order. Blocks 34. through 42. refer to unfunded costs, or the authorized surcharges to be added to the funded value above. Each Military Service is responsible for billing these charges to the customer. The following instructions tell how to fill out Section B., "Price and Availability Data."

(a) Block 16., CC Hardware. This is hardware from ongoing production. Enter the values of end item components originating from **COCO**, GOCO, or GOGO contracts. These prices are based on past contract values inflated according to DoD guidelines to the estimated availability date. If past contracts cannot be used, other DoD-approved cost estimating techniques are substituted for pricing purposes only.

(b) Block 17., SR Hardware. Enter the values of materiel obtained from Military Service stock with replacement.

(c) Block 18., SF Hardware. Enter the values of materiel obtained from Military Service stock without replacement.

(d) Block 19., Total Hardware. Enter the sums of blocks 16. through 18.

(e) Block 20., Start-Up/Layaway. Enter the costs for any unique production line start-up or layaway.

(f) Block 21., Engr Sup. Enter the values of all engineering support costs.

(g) Block 22., QA. Enter all QA costs.

(h) Block 23., Proof & Acpt. Enter all proof and acceptance test costs.

(i) Block 24., Rework. Enter all rework costs.

(j) Block 25., Admin. Enter all administrative costs beyond the normal administrative effort costs recovered through the FMS Administrative budget.

(k) Block 26., Other. Enter all miscellaneous costs. Identify the specific charge in column a and write in the bill code in column d.

(l) Block 27., Subtotal. Enter the sum of the entries in blocks 19. through 26. .

(m) Block 28., FDT. Enter all first destination transportation **costs** applying to components used to assemble the end

item. Note that this cost does not include end item transportation costs unless otherwise noted; most **RM-** and **RS-priced** items include such charges in the cost of the end item.

(n) Block 29., MPA (AIF). Enter all military pay and allowance costs. This charge applies only to the AIF components of the **end** item for modified **direct** cite (**formerly** RP), RS, and **RM** orders. It does not apply to MAP orders when the FMS case is wholly funded by MAP funds. This is an indirect charge to recover appropriate military overhead costs.

(o) Block 30., MPAB (AIF). Enter the costs of all military benefits. This charge is applied only to the AIF components of the end item for modified direct cite (formerly RP), RS, and RM orders. It does not apply to MAP orders when the FMS case is wholly funded by MAP. This is an indirect charge to recover appropriate military overhead costs.

(p) Block 31., Military Pay and Allowance (AIF). Enter all military pay and allowance costs. This charge is applied only to the AIF components of the end item for modified direct cite (formerly RP), RS, and RM orders. It does not apply to MAP orders when the FMS case is wholly funded by MAP. This is an indirect charge to recover appropriate military overhead costs.

(q) Block 32., Adjustment. The total funded cost indicated in block 33. must be to the nearest cent. If prices shown in blocks 19. through 28. were calculated to four decimal **places**, block 35. should show the unit and total values required to, in effect, round the figures to the nearest whole cent.

(r) Block 33., Total Funded Cost. This is the sum of blocks 27. through 32.; however, any MIPR should be established for the sum of blocks 27. and 28.

(s) Block 34., Rental (COCO). Enter all rental costs to be applied against the **COCO** components of an item supplied from procurement. Although this charge is normally a part of a contract price, it is not included in COCO ammunition contracts. Therefore, it must be **billed** as an unfunded charge.

(t) Block 35., Asset Use (GOCO). Enter the authorized 4 percent asset use charge. This value is applied only to the GOCO components of the end item supplied from procurement. The current rate is .04 x GOCO component cost. This element is not applied to RS, RM, MR, or MAP orders.

(u) Block 36., NRC RDTE. Enter the authorized surcharges for nonrecurring research, development, test and evaluation costs. Refer to the latest nonrecurring cost recoupment charge list published by **OASD(C)**.

(V) Block 37., NRC PDN. Enter the authorized sur-charges for nonrecurring production costs. Refer to the latest non-recurring cost recoupment charge list published by **OASD(C)**.

(w) Block 38., UNF CIV RET (AIF). This is an authorized charge to recover the U.S. Government's contribution to the civilian retirement fund. The current FMS rate is published annually by **OASD(C)** (MS).

(x) Block 39., UNF DEPR (AIF). This is an authorized charge to recover values not included in the AIF recovery rate, such as building and the like. It is applied only against AIF costs. Estimates shall be provided by each AIF activity on a case-by-case basis.

(y) Block 40., INT ON INV (AIF). This is an authorized charge to recover interest on the net book value of an activity's assets. It is applied against AIF costs. Estimates shall be provided by each AIF activity on a case-by-case basis.

(z) Block 41., Other. Enter any miscellaneous costs and identify in block 46., "Remarks."

(aa) Block 42., Total Unfunded Cost. This is the sum of blocks 34. through 41.

(bb) Block 43., Total Funded and Unfunded. Enter the sum of blocks 33. and 42.

(cc) Block 44., DCAA/DCAS/Contracting Officer's Representative OA. Enter the values of contract administration services. This value represents the estimated amount of the charges the SAAC will assess for items from procurement. It is based on the hardware values in block 16. The current rate is generally $.015 \times$ block 19.

(old) Block 45., Total DD 1513 Price. These are the values to be placed on a DD Form 1513. They represent the estimated total price the customer will pay and are the sum of blocks 43. and 44.

(ee) Block 46., Remarks. Self-explanatory.

(ff) Block 47., SMCA Program Analyst. Self-explanatory.